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No.

Supreme Court, U. S.
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In the

Supreme Court of the United States

OCTOBER TERM, 1971

SKIL CORPORATION,

Petitioner,

vs.

LUCERNE PRODUCTS, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1971

No.

SKIL CORPORATION,

Petitioner,

vs.

LUCERNE PRODUCTS, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Petitioner respectfully prays that a writ of certiorari issue to review the order of the United States Court of Appeals for the Sixth Circuit in its cause numbered 72-1282, entered on April 24, 1972.

OPINIONS BELOW

The order of the Sixth Circuit Court of Appeals in this cause is set forth in the appendix to this petition, commencing at page 1a; it has not been officially reported.

The order of the District Court for the Northern District of Ohio, Eastern Division, is set forth in the appendix to this petition, commencing at page 4a; it has not been officially reported.

JURISDICTION

The order sought to be reviewed was dated and entered on April 24, 1972.

Petitioner filed a timely petition for rehearing, which petition was denied by an order dated June 6, 1972.

The United States Code, Title 28, §§1254(1), 2101(e), confers on this Court jurisdiction to review by writ of certiorari the order in question.

QUESTIONS PRESENTED

1. Is it consistent with the policy objectives concerning the avoidance of multiple patent litigation as set forth by this Court in *Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, 342 U.S. 180 (1952), and *Blonder-Tongue* v. *University of Illinois Foundation*, 402 U.S. 313 (1971), for a district court to enjoin the prosecution of a patent infringement action in another district court when viable issues will remain to be tried in the enjoined action irrespective of the outcome of the proceedings in the enjoining court, and when only in the enjoined action can a judgment be entered deciding all issues and binding all parties?

2. Did not the Sixth Circuit Court of Appeals in this case render a decision in conflict with the decisions of other Courts of Appeals and sanction a departure from the accepted and usual course of judicial proceedings by affirming the action of the district court in enjoining petitioner's patent infringement action in another district court against the manufacturers (the direct infringers of the combination patent) and the supplier of a component of the patented combination (the contributory infringer of the patent) in favor of a suit against only that supplier, particularly when no showing has been made that the contributory in-

fringer is financially responsible or is the sole supplier of the components to the manufacturers?

3. In the light of this Court's views in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964), on the issue of damages recoverable against a contributory infringer, should a patentee's suit against the manufacturers (the direct infringers) and the supplier of a component of the patented combination (the contributory infringer) be enjoined in favor of a different suit against only that supplier, thereby requiring the patentee, at least in the first instance, to look only to the contributory infringer for compensation for the infringement?

STATUTES AND RULES INVOLVED

1. *The Patent Act, 35 U. S. Code, Section 271(c)*:

"Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer."

2. *The Patent Act, 35 U.S. Code, Section 284:*

"Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. * * *"

3. *Supreme Court Rules, Rule 19(1) (b)*:

"Where a court of appeals has rendered a decision in conflict with the decision of another court of appeals

on the same matter; • • • or has decided an important question of federal law which has not been, but should be, settled by this court; or has decided a federal question in a way in conflict with applicable decisions of this court; or has so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this court's power of supervision."

STATEMENT OF THE CASE

Introduction

This litigation involves patent suits concurrently pending in the United States District Court for the Northern District of Ohio, Eastern Division, C69-461 (the Cleveland action), before the Honorable Thomas D. Lambros, and in the United States District Court for the Northern District of Illinois, Eastern Division, 70 C 2858 (the Chicago action), before the Honorable Julius J. Hoffman. The decision sought to be reviewed by this petition affirms a February 29 order of Judge Lambros enjoining the prosecution of the Chicago action.

The Cleveland Action

This case was originally instituted in Chicago when petitioner, Skil Corporation (Skil), filed its complaint (AL 3)[1] on July 11, 1968 in the United States District Court for the Northern District of Illinois, Eastern Division, 68 C 1290, against respondent, Lucerne Products, Inc.

[1] References to the respondent's appendix in the Court of Appeals are in the form "(AL)" followed by the number of the particular document in the appendix, *e.g.*, "(AL 3)"; references to the petitioner's appendix are in the form "(AS 7)". In some instances these references are followed by a page number of a document, *e.g.*, "(AS 7, page 5)".

(Lucerne). Jurisdiction was based on 28 U.S.C. §1332. In Counts I and II of the complaint, petitioner seeks to recover royalties from respondent pursuant to the terms of a license under petitioner's Gawron patent 3,209,228 (the Gawron patent). A trigger operated speed control system for a portable tool, such as an electric drill, forms the claimed subject matter of the Gawron patent.[2] The devices manufactured by respondent and alleged to be royalty bearing under the aforementioned license are trigger operated switch units embodying a material part of the invention of the Gawron patent and especially adapted for mounting in portable electric drills to control the speed of the tool motor. It is petitioner's contention that portable electric drills containing the respondent's switch units are covered by the Gawron patent.

The respondent filed an answer and counterclaim charging the petitioner with infringement of certain patents. Because these counterclaim patents were also involved in actions pending in Cleveland, the 68 C 1290 case was transferred to the United States District Court for the Northern District of Ohio, Eastern Division, by an order dated June 6, 1969. After transfer, the cause was designated C69-461. A trial date has not been set for the Cleveland action.

The Chicago Action

On November 16, 1970, petitioner filed a complaint (AL 6) in the United States District Court for the Northern District of Illinois, Eastern Division, charging Rockwell

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[2] The Gawron patent has been held valid by the Seventh Circuit Court of Appeals in *Skil Corporation* v. *Cutler-Hammer, Inc.*, 412 F.2d 821 (1969), reversing a decision by Judge Hoffman; a copy of this patent is included in the appendix to the petition, commencing at page 12a.

Manufacturing Company (Rockwell) and Wen Products, Inc. (Wen) with infringement of the Gawron patent. This suit, designated 70 C 2858, has been assigned to Judge Hoffman. The products charged with infringing the Gawron patent are portable electric drills manufactured both by Rockwell and Wen.

Before filing of an answer either by Rockwell or Wen, the respondent moved to intervene (AL 7) alleging, *inter alia*, that it manufactured the trigger operated switch devices incorporated within the accused Rockwell and Wen drills and that it has agreed with these two defendants to indemnify them against charges of infringement under the Gawron patent. Prior to this intervention motion by respondent, the petitioner canceled the license to respondent under the Gawron patent; therefore, at the time of this intervention, the respondent was a contributory infringer and no longer a licensee.

The motion to intervene was allowed by agreement of the parties. The petitioner then moved before Judge Hoffman for leave to file an amended complaint (AL 9). Count I of the amended complaint repeated the direct infringement charges against Rockwell and Wen and included allegations of contributory infringement against the intervening defendant, the respondent herein. Counts II and III of this amended complaint are for royalties due during the term of the license under the Gawron patent —these two counts are substantially identical with Counts I and II in the Cleveland action. Over objection by the respondent, Judge Hoffman allowed the filing of the amended complaint, pointing out, *inter alia*, that "it serves the function of consolidating litigation between the parties in a single forum" (AS 7, page 5).

The respondent then moved to dismiss the amended complaint in its entirety, grounding its motion on the pendency of the Gawron patent license issues in the Cleveland action. Judge Hoffman denied this motion, finding that the issues between the Cleveland action and the Chicago action are not the same. (AS 7, page 5).

Proceedings Relating to Priority between the Cleveland and Chicago Actions

The petitioner, on November 8, 1971, brought a motion in the Cleveland action seeking to stay Counts I and II of the complaint therein in view of the pendency of corresponding Counts II and III in the Chicago action (AS 1). The respondent filed a memorandum (AS 4) in opposition to this motion on November 23, 1971 and simultaneously brought a motion (AS 5) in the Cleveland action for a temporary restraining order without notice and for a preliminary injunction. By this motion, the respondent sought, *inter alia,* an order enjoining the petitioner from proceeeding in the Chicago action. While the respondent's motion for a preliminary injunction was still under advisement by Judge Lambros, it filed a motion before Judge Hoffman on January 26, 1972 seeking an order staying the Chicago action pending adjudication of the Gawron patent license issues in the Cleveland action.

On the morning of February 29, 1972, Judge Hoffman, ruling orally,[3] denied the respondent's motion to stay the Chicago action and set that cause for trial on March 27, 1972. In denying the respondent's motion for a stay, Judge Hoffman cited authorities in support of the established proposition that a suit involving additional parties

[3] The transcript of these proceedings before Judge Hoffman is reproduced in the appendix to this petition, commencing at 6a.

and/or issues should not be stayed because of the pendency of another suit involving some but not all of the issues or parties.

On the afternoon of the same day, *i.e.*, February 29, 1972, an order (the February 29 order, 4a, *infra*) was entered in the Cleveland action enjoining the petitioner, during the pendency of that action, from proceeding in the Chicago action. The February 29 order was entered without giving the petitioner an opportunity for a hearing.[4] Before taking this drastic action, a hearing clearly should have been held since the record on which the order of injunction is based contains only arguments of counsel and conflicting affidavits of petitioner and respondent.

The February 29 order contains findings which are totally unsupported by the record and which are clearly erroneous—several of these findings are diametrically opposed to the findings made by Judge Hoffman in denying the respondent's motion to stay the Chicago action.

For example, the February 29 order states that the issues in the two suits are essentially the same—this utterly disregards the existence of the direct infringement issues present in the Chicago action but not in the Cleveland action. Further, the February 29 order finds that the respondent is in essence the real party in interest in the Chicago action—this finding is supported by nothing more than the bare allegations of the respondent that it is an indemnitor of Rockwell and Wen. This order also finds that vast savings of judicial time and effort will result by enjoining the Chicago action. Such a finding ignores completely the existence of Rockwell and Wen, parties to the Chicago action but not the Cleveland action, and the

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[4] The respondent had asked for such a hearing in its motion papers (AS 5).

existence of the direct and contributory infringement issues, present in the Chicago action but not in the Cleveland action. Manifestly, quite to the contrary of this finding in the February 29 order, duplicative litigation will result, wasting judicial time and effort, as only in the Chicago action can a judgment be entered binding all parties and deciding all issues under the Gawron patent.

The Sixth Circuit Court of Appeals, in the order of April 24, 1972 (1a, *infra*), affirmed the February 29 order. The Court of Appeals did not come to grips with the issues and in essence adopted the unsupported findings of the District Court that the issues and parties in the two suits are the same. Inexplicably, the April 24 order of the Court of Appeals seems to rest, at least to some degree, on the finding that the respondent had moved to transfer the Chicago action to the Ohio court, that such motion was granted, and later denied. As pointed out in the petition for rehearing, no such motion was made by the respondent and Judge Hoffman never intended to transfer the Chicago action. Indeed no showing was ever made by respondent that the Chicago action against Rockwell and Wen could have been brought in the Ohio court so as to invoke the provisions of the United States Code, Title 28, §1404(a).

REASONS FOR GRANTING THE WRIT

I. This Court Should Make It Clear That Needless Duplicative Patent Litigation Is To Be Avoided as a Matter of Federal Patent Policy.

There is a strong probability that the Chicago action will have to be tried irrespective of the outcome of the Cleveland action. An injunction against Rockwell and Wen cannot be obtained in the Cleveland action as these companies are not parties there; for the same reason, damages cannot be assessed in the Cleveland action against these two parties, the direct infringers.

Even if petitioner failed to prevail in the Cleveland action due to an adverse finding on the issue of validity, it does not necessarily follow that petitioner would be foreclosed in the Chicago action, notwithstanding this Court's decision in *Blonder-Tongue* v. *University of Illinois Foundation,* 402 U.S. 313 (1971), since the Gawron patent has been held valid in the Seventh Circuit where Rockwell and Wen are defendants. Further, and by way of example, a finding in the Cleveland action that the respondent's devices are capable of substantial noninfringing use would not foreclose petitioner from establishing direct infringement of the patent by Rockwell and Wen in the Chicago action.

Manifestly, there is a substantial likelihood of duplicative litigation under the Gawron patent in the Sixth and Seventh Circuits as a result of the rulings below. Therefore, this petition raises a question of importance to the conduct of multiple patent litigation in the federal judicial system—it was for this reason that this Court granted certiorari in *Kerotest Mfg Co.* v. *C-O-Two Fire Equipment Co.,* 342 U.S. 180 (1952), and affirmed the Third Circuit

holding that the litigation should be fought in the forum where all parties and issues were present.

The economic considerations of multiple patent litigation, as concerns both the burden on the federal judiciary and the cost to the parties involved, weighed heavily on this Court in *Blonder-Tongue, supra.* These same economic considerations are present here but have been disregarded by the courts below. This Court should grant the writ and make it clear that a paramount objective of federal patent policy is the utilization of applicable statutes and rules in a manner calculated to avoid needless duplicative litigation.

II. This Court's Power of Supervision Should Be Exercised—the Sixth Circuit Has Sanctioned a Course of Judicial Procedure in Conflict with Decisions in Other Circuits.

The Sixth Circuit has sanctioned a gross abuse of discretion by affirming the February 29 order enjoining petitioner from proceeding in the Chicago action. The Chicago action is not a so-called "customer suit", *i.e.*, a suit against only the reseller of the accused product. Even in such customer suits, it has long been held that a patent owner has a cause of action, separate and independent from that against an infringing manufacturer, to recover damages from and to restrain one who resells a product which he purchased from the infringing manufacturer. *American Chemical Paint Co.* v. *Thomson Chemical Corp.*, 244 F.2d 64 (C.A. 9, 1957); *Triangle Conduit & Cable Co.* v. *National Electric Products Corp.*, 138 F.2d 46 (C.A. 3, 1943), *cert. denied* 320 U.S. 784. However, in the present case, the Chicago action is not a "customer suit" as Rockwell and Wen are not mere resellers of the respondent's switch devices; rather, they are the manufacturers—the

direct infringers—of the power drills which include, among other components, the respondent's switch units.

Although the various factors to be taken into consideration in determining when one patent suit should be enjoined in favor of another suit involving the same patent does not admit the articulation of rigid rules for mechanical application, the Courts of Appeals which have had to deal with these situations have set forth the general rule that a suit involving additional parties and/or issues should not be stayed because of the pendency of another suit involving some but not all of the issues or parties. For decisions in the Second, Third, Seventh and Ninth Circuits, see, respectively: *United States Time Corp.* v. *Hamilton Watch Co.*, 327 F.2d 338 (C.A. 2, 1964); *Triangle Conduit & Cable Co.* v. *National Electric Products Corp., supra; Minnesota Mining & Mfg. Co.* v. *Polychrome Corp.*, 267 F.2d 772 (C.A. 7, 1959); *American Chemical Paint Co.* v. *Thomson Chemical Corp., supra.*

In the present case, the injustice to petitioner is especially great since no showing has been made by the respondent that it is financially able to compensate the petitioner for damages from the direct infringements. In this regard, see, *American Chemical Paint Co.* v. *Thomson Chemical Corp., supra.* Moreover, no showing has been made that the infringing acts of the respondent in manufacturing and selling the switch units are conterminous with the infringing acts of Rockwell and Wen, the manufacturers and sellers of the portable electric drills which include the respondent's switch units among their several components. *Rockwell and Wen could obtain the switch devices from sources other than respondent or manufacture these devices themselves.* Manifestly, the petitioner can be assured of bringing about a cessation of the in-

fringement and of recovering full damages only by an injunction and judgment against the manufacturers, *viz.*, Rockwell and Wen.

III. This Court Should Settle the Question as to the Extent a Contributory Infringer Is Liable for Damages.

The opinion of the Sixth Circuit, in affirming the February 29 order, decides, *sub silentio,* that petitioner can obtain complete relief in the Cleveland action, as far as the issue of patent infringement damages is concerned. Such issue of damages for infringement is not present in the Cleveland action as the complaint therein seeks to recover royalties under the Gawron patent license. However, even assuming, *arguendo,* that the complaint in that action could be amended to allege contributory infringement for the period subsequent to license cancellation, we believe a substantial question is presented as to whether petitioner could obtain complete relief against the respondent in the light of this Court's observations in *Aro Mfg. Co.* v. *Convertible Top Replacement Co.,* 377 U.S. 476 (1964).

In *Aro, supra,* (*Aro II*), this Court reviewed the legislative history which eventuated into §§271(c) and 284 of the Patent Act, Title 35, United States Code. As concerns 35 U.S.C. §284, this Court stated that only damages are recoverable, *i.e.,* what the owner of the patent loses by the infringement.

In *Aro II,* this Court stated that, at best, Convertible Top Replacement could not recover from Aro anything more than nominal damages. In that decision, the acts of Aro were not of the character contemplated by 35 U.S.C. §271(c) as they were held in *Aro I,* 365 U.S. 336 (1961), to constitute only repair. Further, the extent of Aro's

liability depended on the question of whether full satisfaction had been received in the agreement with Ford.

Here, the respondent's activities are not in the nature of repair; the respondent's acts in manufacturing the switch units for incorporation in portable electric drills are of the character described in 35 U.S.C. §271(c). Here, petitioner has of course received no satisfaction whatsoever from the direct infringers, Rockwell and Wen.

This Court noted, in *Aro II*, that §271(c) had been enacted by the Congress "to provide for the protection of patent rights where enforcement against direct infringers is impractical". 377 U.S. 511. In the case at bar, Rockwell and Wen, the direct infringers, are not only available but are presently defendants in the Chicago action. However, petitioner is being compelled, at least in the first instance, to proceed against the contributory infringer only.

The reasoning of this Court in ascertaining the measure of Aro's liability raises the question, not yet decided by this Court, as to whether a patentee is entitled to receive from a contributory infringer full satisfaction for damages in the more common situation, such as presented here, where the contributory infringer's acts are as described in 35 U.S.C. §271(c) and where no compensation whatsoever has been received by the patentee. In this regard, 35 U.S.C. §284 provides:

> ". . . damages adequate to compensate for *infringement* but in no event less than a reasonable royalty for the use made of the invention by the *infringer*. . ." (Emphasis applied).

This section of the Patent Act is silent as to the compensation for damages to which the patentee is entitled to recover from the *contributory* infringer.

This Court should issue the writ and decide to what extent damages may be recovered from a contributory infringer and, in the event it is found a contributory infringer is not answerable for damages to the extent of compensating fully for the direct infringement, the subsidiary question as to whether or not a contributory infringer has sufficient standing to cause the issuance of an order enjoining a suit against the direct infringer.

CONCLUSION

This Court should issue the writ of certiorari and set aside the order here under review, not alone to correct the injustice worked on the petitioner, but for the public good that would result from deciding the important questions presented concerning the conduct of multiple patent litigation in the federal courts and concerning the extent of damages for which a contributory infringer is accountable.

Respectfully submitted,

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APPENDIX

Opinion of the Court of Appeals

NO. 72-1282

UNITED STATES COURT OF APPEALS

FOR THE SIXTH CIRCUIT

SKIL CORPORATION,
Plaintiff-Appellant,
v.
LUCERNE PRODUCTS, INC.,
Defendant-Appellee.
} ORDER

(Filed April 24, 1972)

Before: Phillips, Chief Judge, Peck and Kent, Circuit Judges.

This appeal arises out of complex and protracted litigation involving the validity and infringement of certain patents applicable to certain variable-speed switches.

Three cases are pending in the Northern District of Ohio, one of which had been previously transferred to that District from the Northern District of Illinois. While those cases were pending plaintiff-appellant filed another action in the Northern District of Illinois involving the validity and infringement of one of the patents involved in the litigation in the Northern District of Ohio. The defendant-appellee, pursuant to an indemnity agreement, with the defendants in the Illinois litigation, took over the defense of that case. Defendant-appellee moved to transfer the Illinois litigation to the Northern District of Ohio, which motion was first granted and later, without any stated reason, denied.

On February 29, 1972, the pending case in the Northern District of Illinois was set for trial, to commence March 27, 1972, and on the same day the District Judge in the Northern District of Ohio, pursuant to an earlier application, entered a temporary injunction restraining the plaintiff-appellant from continuing to prosecute the case then pending in the Northern District of Illinois. This temporary injunction is the subject of this appeal.

Plaintiff-appellant claims that the trial judge abused his discretion in granting the pending application for a temporary injunction without affording the plaintiff-appellant an opportunity for a trial. Rule 65 (a)(1), Federal Rules of Civil Procedure, provides: "No preliminary injunction shall be issued without notice to the adverse party." There is no claim in this case that notice had not been given; in fact the application for a temporary injunction had been on file for some months, and the parties had filed affidavits and briefs in support of and in opposition to the application.

After a complete review of the record on appeal it appears to the satisfaction of this Court that the trial judge did not abuse his discretion in granting an injunction to restrain the further prosecution of litigation in the Northern District of Illinois which had been commenced much later than the litigation then pending in the Northern District of Ohio, which litigation involved different parties at its initial stages, but placed in issue the validity and infringement of some of the same patents then the subject of litigation in the Northern District of Ohio.

Finding no abuse of discretion, It Is Ordered that the order of the District Court granting the temporary injunction is affirmed.

Entered By Order Of The Court
/s/ James A. Higgins
Clerk

Order of the Court of Appeals in This Case Denying Petition for Rehearing

NO. 72-1282

UNITED STATES COURT OF APPEALS

FOR THE SIXTH CIRCUIT

SKIL CORPORATION,
Plaintiff-Appellant,
v.
LUCERNE PRODUCTS, INC.,
Defendant-Appellee.

ORDER

(Filed June 6, 1972)

Before: Phillips, Chief Judge, Peck and Kent, Circuit Judges.

Appellant having filed a petition for rehearing with this Court, and the Court having considered the petition and being duly advised in the premises,

It Is Ordered that the petition for rehearing be and it is hereby denied.

Entered By Order Of The Court
/s/ James A. Higgins
Clerk

Opinion of the District Court

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

SKIL CORPORATION, Plaintiff,
v.
LUCERNE PRODUCTS, INC., Defendant.

No. C 69-461
ORDER

(Filed February 29, 1972)

Lambros, District Judge

In this case, the defendant Lucerne Products, Inc. ("Lucerne") has applied to the Court to enjoin the plaintiff Skil Corporation ("Skil") from proceeding with any action heretofore filed in which Lucerne is a party, other than the instant action, with respect to any of the issues relating to the following matters as raised in this lawsuit:

1. Patent No. 3,209,228 issued to Alex F. Gawron
2. Patent No. 3,260,827 issued to Carl J. Frenzel
3. Licenses granted by Skil to Lucerne under the foregoing patents dated November 15, 1965 and April 11, 1967 respectively.

The other action which Lucerne in essence seeks to enjoin Skil from proceeding is presently pending in the Northern District of Illinois, namely, *Skil Corporation* v. *Rockwell Manufacturing Company and Wen Products, Inc.* v. *Lucerne Products, Inc.*, Civil Action 70C2858. The issues raised there are essentially the same as those raised in the instant lawsuit. Further, Lucerne is in essence the real party in interest in that suit. The law is clear that in such a situation wherein the issues are essentially the same as well as the parties, the Court first acquiring jurisdiction should be allowed to proceed with it without inter-

ference from other courts under suits subsequently filed. See *Carbide & Carbon Chemical Corp.* v. *United States Industrial Chemicals, Inc.*, 140 F.2d 47, 49 (4th Cir. 1944); *Milwaukee Gas Specialty Co.* v. *Mercoid Corp.*, 104 F.2d 589, 592 (7th Cir. 1939); *In re Georgia Power Co.*, 89 F.2d 218, 221 (5th Cir. 1937).

Since this Court was the first one to acquire jurisdiction over the issues, inasmuch as its jurisdiction will be seriously impeded and interfered with if the other action is permitted to proceed, since irreparable injury will result to Lucerne by forcing it to engage in multiple discovery proceedings simultaneously, inasmuch as Skil will not be injured by the granting of the injunction and since the granting of the injunction will result in the vast savings of judicial time and effort, the Court grants Lucerne's request for injunctive relief.

Accordingly, it is directed that during the pendency of this action, Skil, its officers, agents, employees, attorney or any other persons acting on its behalf are hereby restrained from proceeding with any action heretofore filed in which Lucerne is a party, other than the instant action, with respect to any of the issues based upon alleged infringement of the following letters patent and the licenses specified in the Complaint and Supplemental Complaint herein, namely:

Patent No. 3,209,228 issued to Alex F. Gawron

Patent No. 3,260,827 issued to Carl J. Frenzel

Licenses granted by Skil to Lucerne under the foregoing patents dated November 15, 1965 and April 11, 1967 respectively.

As security, Lucerne shall post a $500.00 bond with the Clerk of Courts.

It Is So Ordered.

/s/ Thomas D. Lambros
Thomas D. Lambros
United States District Judge

Dated: February 29, 1972

Transcript of Proceedings before Hon. Julius J. Hoffman on February 29, 1972

1 IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SKIL CORPORATION, Plaintiff,
vs.
ROCKWELL MANUFACTURING COMPANY, and WEN PRODUCTS, INC., Defendants.
vs.
LUCERNE PRODUCTS, INC., Intervenor-Defendant.

Civil Action No. 70 C 2858

Transcript of proceedings had in the above-entitled cause before Hon. Julius J. Hoffman, one of the Judges of said Court, in his courtroom in the United States Courthouse at Chicago, Illinois, on Tuesday, February 29, 1972.

Appearances:

Clarence J. Fleming
(McDougall, Hersh & Scott)
for the plaintiff;

James Van Santen
(Hill, Sherman, Meroni, Gross & Simpson)
for the Intervenor-Defendant.

2 The Clerk: 70 C 2858, Skil Corporation vs. Rockwell Manufacturing Company, et al. Decision on motion of intervenor-defendant to stay further proceedings in this case pending the outcome of Civil Action C-69-461 in the District Court of Ohio.

The Court: Good morning, gentlemen.

Mr. Fleming: Good morning, your Honor.

Mr. Van Santen: Good morning, your Honor.

The Court: I am sorry that you had to wait here so long.

It appears here that the Lucerne Products, Incorporated, a defendant, is seeking to have stayed further proceedings in this case which was filed in 1970 pending the outcome of a civil action, C-69-461, filed originally in 1968, and now pending in the Federal District Court of Ohio, Cleveland, I guess. I remember getting this telephone call from Judge Lambros of that Court to which I referred at the last hearing.

Lucerne takes the position that this case can be defined as a so-called "customer suit" brought by Skil Corporation against Lucerne's customers, Wen Products and Rockwell, two years after the initial suit against Lucerne had been filed.

The plaintiff takes the position that this court is
3 without the authority to stay these proceedings because all of the parties in the present case are not involved in the litigation in the United States District Court in Cleveland, nor are the issues involved in that case precisely the same as those present in the case which we are here considering.

In the case of Coleco Industries, Incorporated, vs. Empire Plastics Corporation, 321 Fed. Supp. 146, 1970, the United States District Court for the Southern District of New York stated at Page 147:

> "The motion for a stay is clearly warranted because the disposition of the consolidated suit in that case will clearly resolve all of the questions presented by the later-filed customer suit."

In the case with which we are here concerned, the disposition of the prior suit, I conclude, will not resolve all of the issues in the later-filed case, and all of the parties in both cases are not the same.

Our Court of Appeals, that is to say, the United States Court of Appeals for this Circuit, determined in the case of Minnesota Mining and Manufacturing Company vs. Polychrome Corporation, 267 F. 2d, 772, 7th Circuit, 1959, that the trial court did not abuse its discretion in

denying a motion by the defendant for an injunction restraining the patentee from the prosecution of suits against users and customers.

The trial court in the Minnesota Mining case relied on the case of American Chemical Paint Company vs. Thompson Chemical Corporation, 244 F. 2d 64, 9th Circuit 1957, citing at Page 67 of that case this language:

> "A patent owner has a cause of action separate and independent from that against an infringing manufacturer to recover profits and damages and to restrain one who resells a product which he purchased from an infringing manufacturer. The right to bring such an action is sanctioned by statute, and ought not to be interfered with except for compelling reasons."

See also Crosley Corporation vs. Hazeltine Corporation, 122 F. 2d 925, 3rd Circuit 1941.

Judge Hastings in the Minnesota Mining case asserted perhaps the best reason for not issuing such an injunction at Page 775. Said Judge Hastings:

> "I think we might just as well proceed in this case, get the case at issue, and in the meantime, if Judge Sullivan does grant a restraining order that is asked up there, why then that will automatically stay this case. If he doesn't, then I feel we should be in shape to go right ahead and try this case when it comes up in its usual order."

For additional authority in support of the rule that a suit involving additional parties and/or issues should not be stayed because of the pendency of another suit involving some but not all of the issues or parties, I suggest that counsel look at United States Time Corporation vs. Hamilton Watch Company, 327 F. 2d 338, 2nd Circuit 1964; Gordon Johnson Company vs. Hunt, 101 Fed. Supp. 539, Northern District of Ohio 1951. See also Joseph Bancroft & Sons Company vs. Spunize Company of America, 268 F. 2d 522, 2nd Circuit 1959.

Mr. Clerk, the motion of the intervenor-defendant, Lucerne Products Corporation, to stay further proceedings in this case will be denied.

This case was called for trial on the calendar. I now will hear from both of you as to a convenient date for trial. Since you started this case, Mr. Fleming, I will let you suggest a date first.

Mr. Fleming: Yes, sir. We, of course, are anxious
6 to go to trial as soon as possible.

Your Honor, I must mention this. You will recall we were in here last week on a Rule 37 motion. The defendants objected to some of our interrogatories and also to the production of documents.

The Court: In other words, you have a discovery problem.

Mr. Fleming: Yes, your Honor.

My calculations are that you granted 15 days to produce the documents, which would take us up to March 10, so that I would then like some time. Some of these documents, I, of course, would want to look at and it may very well be that I will wish to introduce them during the trial.

The Court: Well, you suggest a date. I am at the service of the parties here.

Mr. Fleming: That would be March 10. I would suggest about 10 days thereafter.

The Court: March 20 would be a Monday.

Have you any comment, sir? I know what you want. I regret that I am unable to comply.

Mr. Van Santen: If the Court please, I am aware of your Honor's practice in trying to move cases along in accordance with the admonition of the Chief Justice.
7 The Court: That is not a bad practice.

Mr. Van Santen: I have urged principal counsel in Cleveland that they should be prepared for this decision, and they should move ahead promptly with discovery. Accordingly, there are notices of discovery outstanding now, and depositions on behalf of the defendants are scheduled to begin on March 22.

The Court: I might say, and you must know this from your practice here, all of the men in your fine firm know, that this is a 1970 case. I am never very much impressed

with the fact discovery has not been completed, certainly, as a reason for not trying a case.

I have never that I can recall in the nearly twenty years I have served on this bench entered an order restraining further discovery, but I have said often from this bench and in the old Courthouse, "Get going." The rules are there. You can't wait until this case is called for trial, you know, and you can't wait until trial time and then talk about depositions or interrogatories.

I will set this case for March 27. That is one week after you asked.

Mr. Fleming: That is the 27th?

The Court: March 27, at ten o'clock, for trial.

8 IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SKIL CORPORATION,
Plaintiff,
vs.
ROCKWELL MANUFACTURING COMPANY, and
WEN PRODUCTS, INC.,
Defendants.
vs.
LUCERNE PRODUCTS, INC.,
Intervenor-Defendant.

Civil Action
No. 70 C 2858

CERTIFICATE

I hereby certify that the foregoing 7 pages constitute a full, true and correct transcript of my original shorthand notes taken of the proceedings had in the above-entitled cause before Hon. Julius J. Hoffman, one of the Judges of said Court, on February 29, 1972.

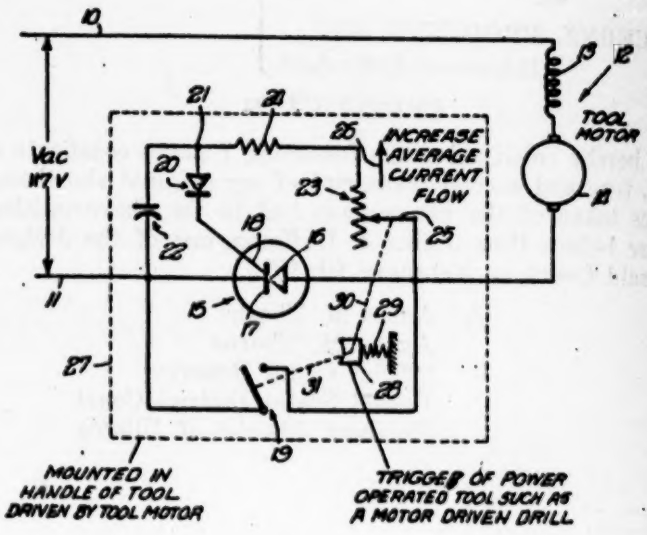
/s/ Agnes M. Thorne
Agnes M. Thorne
Official Court Reporter
United States District Court
Northern District of Illinois

Gawron Patent in Suit No. 3,209,228

Sept. 28, 1965 A. F. GAWRON 3,209,228

SYSTEM FOR CONTROLLING ELECTRIC MOTORS IN POWER TOOLS AND THE LIKE

Filed Sept. 28, 1962



INVENTOR.
Alex F. Gawron.
BY
Cromwell, Greist & Warden
ATTYS

United States Patent Office 3,209,228 Patented Sept. 28, 1965

3,209,228

SYSTEM FOR CONTROLLING ELECTRIC MOTORS IN POWER TOOLS AND THE LIKE

Alex P. Gawron, Chicago, Ill., assignor to Ball Corporation, Chicago, Ill., a corporation of Delaware

Filed Sept. 28, 1962, Ser. No. 226,936
4 Claims. (Cl. 318—345)

This invention relates, generally, to electric motor control systems and it has particular relation to the control of the voltage and current applied to, and thereby the speed of, such well known electric motor driven tools, as a universal motor driven hand drill, reciprocating saw, sander, or the like. For example, Papworth Patent 2,931,402 dated April 5, 1960, discloses a reciprocating saw in which the invention can be incorporated.

Among the objects of this invention are: To provide for controlling the flow of current from an alternating current source to a load device, such as a universal motor in a hand manipulated drill or other tool of the class described, in a new and improved manner; to employ for this purpose a silicon controlled rectifier in series with the motor; to provide a capacitor for triggering the silicon controlled rectifier at a predetermined time in a half cycle of alternating current that it is adapted to conduct by varying the time rate at which voltage is applied to the capacitor in the half cycle; to vary the time rate by a variable resistor or potentiometer connected in series with the capacitor with the series combination being connected across the silicon controlled rectifier; to mount the motor and control devices in series therewith on the handle of a power driven tool; to provide a trigger on the handle connected to the variable resistor for varying the resistance in series with the capacitor; to provide a switch for shunting the silicon controlled rectifier; and to mount the switch on the handle and interconnect it and the variable resistor with the trigger in such manner that the switch is closed when the resistance in series with the capacitor has been reduced to a predetermined value.

In the drawing the single figure illustrates, diagrammatically, a preferred embodiment of this invention.

In the diagram of circuit connections the reference characters 10 and 11 designate conductors that are energized from a suitable source of alternating current operating at a frequency of 60 cycles and at a voltage of 117 volts. The frequency and voltage here mentioned are conventional and typical of the alternating current source that can be employed for energizing the system embodying the present invention. Connected for energization between the conductors 10 and 11 is a load device, indicated generally at 12, that is in the form of a universal or series type motor. The motor 12 includes a series field winding 13 and an armature winding 14, these windings being connected in series in accordance with conventional practice.

In order to control the flow of current to the load device 12 and the voltage applied thereto a silicon controlled rectifier, indicated generally at 15, is connected in series circuit relation with the load device 12. The silicon controlled rectifier 15 includes an anode 16, a cathode 17 and a gate or control electrode 18. It will be understood that the silicon controlled rectifier 15 acts to conduct half cycles of alternating current of one polarity and to block the flow of the half cycles of the alternating current of opposite polarity. When it is desired to apply both half cycles of alternating current at the voltage existing between the conductors 10 and 11 to the load device 12, a switch, shown generally at 19, can be closed. It will be observed that the switch 19 is connected in shunt with the silicon controlled rectifier 15 and that, when it is closed, the load device 12 is energized directly from the conductors 10 and 11 without the interposition of the silicon controlled rectifier 15.

In order to cause the silicon controlled rectifier 15 to become conducting in the half cycle of the alternating current that it is adapted or forward biased to conduct a control or trigger diode 20 is connected to the gate or control electrode 18. The control or trigger diode 20 is interposed between the gate or control electrode 18 and a common connection 21 between a capacitor 22, which is connected to the cathode 17 of the silicon controlled rectifier 15, and a variable resistor or potentiometer 23 that is connected to the anode 16 of the silicon controlled rectifier 15. A limiting resistor 24 can be provided between the common connection 21 and the variable resistor or potentiometer 23 to make certain that the voltage in this portion of the circuit is maintained above a predetermined minimum voltage.

The variable resistor or potentiometer 23 has an adjustable contact 25 that is movable to vary the resistance in series with the capacitor 22 for the purpose of varying the time rate voltage build up on the capacitor 22 in the half cycle during which the silicon controlled rectifier 15 is adapted to conduct a half cycle of the alternating current. When the adjustable contact 25 is moved in the direction indicated by the arrow 26, the voltage applied to the capacitor 22 is increased with the result that the silicon controlled rectifier 15 is rendered conducting at an earlier point in the half cycle of alternating current that it is adapted to conduct with the result that the voltage and current applied to the load device 12 are correspondingly increased. When the adjustable contact 25 is moved in the opposite direction there is a corresponding reduction in the voltage and current applied to the load device 12. Since only a relatively small amount of current flow takes place through the variable resistor or potentiometer 23 and since the voltage drop across the silicon controlled rectifier 15 is relatively small, the amount of heat generated is correspondingly small. As a result the control devices associated with the silicon controlled rectifier 15 and the silicon controlled rectifier 15 itself can be mounted in a handle or other convenient portion of the tool, indicated by the broken line outline at 27, of the power driven tool with the load device in the form of the universal or series type motor 12 being mounted on the handle in conventional manner. Because of the relatively low heat dissipation of the control circuits, the amount of heat developed is relatively small and not uncomfortable to the hand of the operator grasping the handle. If heating is apt to be a problem, the circuits may be mounted in the cooling jet stream of the motor housing.

It is desirable that the resistance of the variable resistor or potentiometer 23 be variable under the control of the operator. For this purpose a trigger 28 is employed and it is slidably mounted on the handle in accordance with conventional practice. A spring 29 serves to bias the trigger 28 to the non operated position against a stop (not shown). A mechanical connection, indicated by broken line 30, interconnects the trigger 28 with the adjustable contact 25 with the arrangement being such that as the trigger 28 is depressed against the spring 29, the adjustable contact 25 is moved in the direction indicated by the arrow 26 to reduce the resistance in the circuit including the capacitor 22 for the purpose of obtaining an increase in the voltage and current applied to the load device 12 in the manner outlined above. A mechanical connection, indicated by the broken line 31, serves to interconnect the trigger 28 and the switch 19 with the arrangement being such that, when maximum voltage and current have been applied to the load device 12 by the control of the silicon controlled rectifier 15, further and maximum voltage and current are applied by closure of the switch 19. As pointed out above this places the load

device 12 directly across the line conductors 10 and 11 so that the full system voltage is applied.

As it is apparent to those skilled in the art, the circuit shown and described does not have inherent speed feedback. However, essentially constant speed under varying load conditions can be readily obtained by manipulation of the trigger which is under the operator's control at all times during operation of the tool.

What is claimed as new is:

1. In an electrical control system, the combination with an electric motor having series connected armature and field windings, which motor is mounted in a tool housing having a handle portion, of a silicon controlled rectifier in series circuit relation with said motor and the series combination arranged and adapted for energization from an alternating current source; said rectifier including an anode, a cathode and a gate; a series connected variable resistor and capacitor connected respectively to said anode and cathode, a connection interconnecting said gate and the common connection between said resistor and said capacitor, variation in the resistance of said resistor in series with said capacitor effecting a corresponding change in the voltage and current applied to said motor, said devices connected in series with said motor being mounted in said handle portion, and a trigger on said portion connected to said variable resistor for changing the resistance in series with said capacitor, manipulation of said trigger serving as the sole means for controlling the speed of said motor.

2. In an electrical control system, the combination with an electric motor having series connected armature and field windings, which motor is mounted in a tool housing having a handle portion, of a silicon controlled rectifier in series circuit relation with said motor and the series combination arranged and adapted for energization from an alternating current source; said rectifier including an anode, a cathode and a gate: a series connected variable resistor and capacitor connected respectively to said anode and cathode, a connection interconnecting said gate and the common connection between said resistor and said capacitor, variation in the resistance of said resistor in series with said capacitor effecting a corresponding change in the voltage and current applied to said motor, a switch connected in shunt circuit relation with said silicon controlled rectifier and when closed causing said motor to be energized directly from said current source, said devices connected in series with said motor and said switch being mounted in said handle portion, and a trigger on said handle portion connected to said variable resistor for changing the resistance in series with said capacitor and to said switch for closing it when said resistance has been reduced a predetermined extent, said variable resistor in series with said capacitor constituting the sole means for changing the voltage and current applied to said motor.

3. In combination, a hand manipulated power tool having a housing with a handle portion, wherein the tool includes an electric motor with series connected armature and field windings, an electrical control system for said motor, which control system is mounted in said housing and includes, a silicon controlled rectifier control circuit in series circuit relation with said motor and arranged and adapted for energization from an alternating current souce, said circuit including a variable resistor for varying the voltage and current applied to said motor thereby to control the speed thereof, a trigger supported on said handle portion, said trigger being mechanically connected to the movable element of said resistor for operation of the latter upon actuation of the trigger, whereby said control system is actuated by said trigger for controlling the speed of said motor, variation in the voltage and current applied to said motor being accomplished solely through operation of said variable resistor by said trigger.

4. In combination, a hand manipulated power drill including a housing having a hollow handle, wherein the drill includes an electric motor with series connected armature and field windings, an electrical control system mounted in said hollow handle and including, a silicon controlled rectifier control circuit in series circuit relation with said motor and arranged and adapted for energization from an alternating current source, said circuit including a variable resistor for varying the voltage and current applied to said motor thereby to control the speed thereof, a trigger supported on said handle, said trigger being mechanically connected to the movable element of said resistor so that as the trigger is depressed the resistance of said resistor is reduced thereby to increase the speed of said motor, variation in the voltage and current applied to said motor being accomplished solely through operation of said variable resistor by said trigger.

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ORIS L. RADER, *Primary Examiner.*

COPY

FILED
AUG 4 1972
MICHAEL RODAK, JR., CLERK

In the Supreme Court of the United States

October Term, 1972

No. 72-52

SKIL CORPORATION,
Petitioner,

vs.

LUCERNE PRODUCTS, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION

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SKIL CORPORATION,
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ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION

ISSUES PRESENTED

(1) Is it an abuse of discretion for a district court, which acquired jurisdiction of a patent suit by transfer from the originating district, to enjoin the plaintiff, which in an effort to avoid such jurisdiction, files a subsequent action in the originating district involving the same patents but naming additional parties, from proceeding in said subsequently filed action with respect to those issues raised in the prior action during the pendency thereof?

(2) Where a district court grants plaintiff leave to add another cause of action on condition that the entire action thereupon be transferred to another district, is such

plaintiff estopped from defeating the effect of such transfer order by filing a second suit in the originating court based on the same subject matter but with additional parties thereto?

(3) In an action wherein upon a complete review of the record the Court of Appeals is satisfied that the trial judge did not abuse his discretion in restraining the prosecution of a subsequent action in another district should such conclusion be regarded as conclusive when the judgment is correct on the facts found?

STATEMENT OF THE CASE

While some of the salient facts with respect to the case history are set forth in the petition filed herein, other pertinent facts, essential to a proper understanding of the issues presented have been either intentionally omitted or improperly stated. It should be apparent from the size of the record that the situation is far more involved than the over-simplified version set forth in the petition would indicate.

Introduction

There were three suits filed originally, all dealing with speed control devices for portable electric tools manufactured by three corporations, viz. Arrow Hart, Inc., Skil Corporation and Lucerne Products, Inc. The alleged infringing device is a complete interchangeable and replaceable unit designed to fit into the handle of standard portable electric hand tools, which serves as an on-off switch but also permits the speed to be varied by pressure on the trigger control. These devices are manufactured by each of the corporations named, each claiming protection under

various patents. Skil owns two patents referred to as Gawron and Frenzel, while Lucerne controls patents identified as Slater and Matthews.

The earliest suit was filed by Lucerne Products, Inc. against The Black & Decker Mfg. Co. in Cleveland (Case No. C67-723) based on an alleged infringement of the Slater and Matthews patents. Arrow-Hart, Inc. intervened and was substituted as defendant.

The Cleveland Action

This suit was filed by Skil against Lucerne in the Northern District of Illinois on July 12, 1968 (Case No. 68C-1290) based on infringement of the Gawron and Frenzel patents. Lucerne counterclaimed infringement of its Slater and Matthews patents. Because the Skil device was manufactured by Arrow Hart, Inc., it intervened as a party defendant, and subsequently moved to have the case transferred to Cleveland for consolidation with C69-723. Skil moved for a summary judgment on Counts I and III of its complaint, because under case law then existing, Lucerne as a licensee under the Gawron and Frenzel patents was estopped to deny their validity. Judge Will granted the motion but specified that this order was not to become final until judgment was entered on the entire case.

In proceedings held on June 6, 1969, Judge Will permitted Skil to add Count IV, conditioned upon the presentation of an order transferring the entire case to Cleveland (Appendix page 13). Such an order was submitted and signed by Judge Will on that date, whereupon the case was transferred to Cleveland, and became Case No. C69-461.

On October 24, 1969, Skil moved for a consolidation of the counterclaims in the two pending actions, viz.

C67-723 and C69-461 and filed its reply in the latter case asking for a declaration that the Slater and Matthews patents are invalid and not infringed by it.

Subsequent thereto, this Court in *Lear, Inc. v. Adkins*, 395 U.S. 653, reversed the rule that a licensee is estopped to deny the validity of its licensor's patent, whereupon Lucerne moved to vacate the summary judgment order previously issued by Judge Will in Chicago. On December 5, 1969, Skil filed a motion to transfer C69-461 to Chicago for a ruling on Lucerne's motion to vacate the summary judgment order and in its supplemental memorandum filed on December 29, 1969, expressly stated:

> "Plaintiff does not object to the Cleveland forum for adjudication of the counterclaim litigation to which it is a party. Plaintiff desires only to have its contract action returned to the Chicago court for consideration of the important issue presented by handing down of the *Lear* decision subsequent to entry of judgment by Judge Will. The nature of the controversy between plaintiff and defendant, i.e., the contract or patent validity, will be determined by Judge Will's ruling on defendant's motion to file the amended answer. After such decision, the Chicago court can then determine the proper forum for the litigation and take appropriate action with respect thereto."

Upon transfer of the case to Chicago, Judge Will made the requested rulings with respect to the summary judgment order and re-transferred the entire action to Cleveland (Appendix page 18).

Upon re-transfer, by order dated November 5, 1970, Judge Green ordered that all issues in Case C69-461 relating to the Slater and Matthews patents be consolidated with Case C67-723 and that all discovery proceedings in

either case be applicable to both. These cases have been assigned to Judge Lambros and will be tried during the fall term.

The Chicago Action

While the complaint filed by Skil in 70 C 2858 did charge the defendants Rockwell and Wen with infringement of the Gawron patent, said patent is designated as "a System for Controlling Electric Motors in Power Tools and the Like" and is nothing more than the speed control device made by Lucerne which is the basis for "the Cleveland Action". Shortly after filing this suit, Skil on January 7, 1971, filed a motion in the Cleveland Action C69-461 for leave to dismiss Counts I and II of the complaint filed therein, which was denied. It is, therefore, patent on the face of the record that the main purpose of filing the Chicago Action was to split the Cleveland Action and to obtain indirectly what had been denied by three district judges in four separate instances, viz. a transfer of the Gawron patent litigation to the Northern District of Illinois. It should be noted that by petitioner's own admission, Count I of the Amended Complaint filed in this suit charges infringement of the Gawron patent and that Counts II and III are substantially identical with Counts I and II in the Cleveland Action (page 6 of Petition herein).

Proceedings Relating to Priority Between The Cleveland and Chicago Actions

Since the Cleveland action was initially filed on July 12, 1968, and was transferred to the Northern District of Ohio, Eastern Division, with Skil's consent on June 6, 1969, there can be no doubt but that that court's jurisdiction antedates the November 16, 1970, filing of the complaint in the Northern District of Illinois. Whatever differences

District Court Judges Lambros and Hoffman may have in their respective views, it is quite apparent from the case histories above set forth that petitioner herein is attempting to play up these differences to cover up its attempt to manipulate the courts to its own advantage. Counsel for petitioner in their zeal attack the integrity of the Sixth Circuit Court of Appeals, dishonor this Court by knowingly making the false representation that respondent had not moved in the Chicago Action to transfer that case to Ohio, that such motion had never been granted and later denied and that Judge Hoffman ever intended to transfer the Chicago Action (Page 9 of Petition). We refer the Court to minute order of Judge Hoffman dated November 3, 1971, shown on Appendix page 18.

Petitioner's claim that Judge Lambros issued his injunction order of February 29, 1972, without a hearing based only on arguments of counsel and conflicting affidavits (Paragraph 1 on page 8 of Petition) is effectively dealt with in second paragraph (Page 2a of Petition) of the Order of The Sixth Circuit Court of Appeals, as well as in the order of Judge Lambros (pages 4a and 5a of Petition).

REASONS WHY THE WRIT SHOULD BE DENIED

I. The Issues As Set Forth by Petitioner Are False Issues Based on Deliberate Misrepresentation of the Facts and Authorities Cited.

We respectfully suggest that even a cursory reading of the orders of Judge Lambros and of the Sixth Circuit Court of Appeals indicates that both of these tribunals support the doctrine of avoiding "needless duplicative patent litigation as a matter of federal patent policy." There may be some differences of opinion as to how this is best accomplished in a particular situation, but that must be left

to the discretion of the trial court, especially in a situation as complex as this one. We further suggest that a plaintiff which permits an action filed by it in 1968 to lie fallow and concentrates its effort to bring to trial an action based on the same subject matter filed by it two years later, owes some explanation for its resistance to the jurisdiction of the first court.

The assertion by petitioner as its second reason for granting the writ (page 11 of petition) that there is a conflict between decisions in the Sixth and other circuits is no more reliable than its previously proven misrepresentations. An examination of the cases allegedly in conflict fails to disclose any conflict. In *United States Time Corp. v. Hamilton Watch Co.*, 327 F.2d 338, it was held that the district court had discretion to deny a motion for a preliminary order to restrain a subsequent suit. In *Triangle Conduit & Cable Co. v. National Electric Products Corp.*, 138 F.2d 46, the court held "that the injunction against the prosecution of the *severed* causes of action against Sears should not have issued." *Minnesota Mining & Mfg. Co. v. Polychrome Corp.*, 267 F.2d 772, holds "that in denying the injunctive relief prayed for as to pending or future litigation, it did not abuse its discretion". *American Chemical Paint Co. v. Thompson Chemical Corp.*, 244 F.2d 64 is clearly distinguishable on the basis of this language found on page 66:

> "Considerations of comity and judicial self restraint should deter one court from thus in effect, overruling the decision of a court of coordinate jurisdiction. If there may be cases where such an overruling injunction is warranted to protect the initial court's power to act, it is sufficient to say that this is not the case."

In this connection, we point out that Judge Lambros's order was filed on February 29, 1972, while the order of Judge Hoffman was filed on March 2, 1972.

We submit that none of these cases are in conflict with the order of the Sixth Circuit Court of Appeals filed April 24, 1972.

Likewise, petitioner's attempt to distinguish the Chicago action from a customer's suit is based on something less than the whole story since the only infringement claimed relates to the speed control switch covered by the Gawron patent and which is made entirely by respondent. It is true that this device is inserted in the handle of the tool assembled by Lucerne's customers and sold by them. We submit that the established rule applies to two simultaneously pending cases dealing with the same patent and not with the identity of the products sold. *Remington Products Corporation v. American Aerovap, Inc.*, 77 F. Supp. 644, affirmed 192 F.2d 872.

II. By Its Previous Conduct, Petitioner Is Estopped from Seeking to Avoid the Jurisdiction of the Ohio District Court.

The case history above set forth clearly establishes the fact that Judge Will permitted Skil to add Count IV on condition that the entire case be transferred to Cleveland. After receiving the benefit of that order, Skil not only sought to renege, but has made repeated attempts to prevent the first case from going to trial. We submit that the case history indicates repeated attempts by Skil to manipulate the courts and to circumvent four separate orders by Judges Will, Green and Lambros each holding that this action is properly tried in the Northern District of Ohio. We respectfully submit that this Court ought to deny the petition on that basis alone.

The claim that justice moves more rapidly in the Northern District of Illinois is pure sham, since petitioner has deliberately and purposely delayed and postponed discovery proceedings in Ohio with a correspondent concentration on preparation of the Chicago action.

III. The Only Legal Issue Which Can Be Raised in This Action Is Whether Judge Lambros Abused His Discretion in Restraining Skil from Proceeding.

The Sixth Circuit Court of Appeals found no abuse of discretion on the part of Judge Lambros. As stated in *Westinghouse Electric Corp. v. Free Sewing Machine Co.*, 256 F.2d 806:

> "Upon an appeal from the granting or denial of a preliminary injunction, this Court has a very limited scope of review . . . The sole issue here is whether the district court abused his discretion. Weiner v. Nat'l Tinsel Mfg. Co., 123 F.2d 96, 97: Doeskin Products, Inc. v. United Paper Co., 195 F.2d 356, 360-361."

The basis for its order is spelled out therein, viz. "after a complete review of the record." We submit that that order should stand.

The issues presented in the petition have little relation to any abuse of discretion by Judge Lambros in issuing his order of February 29, 1972. In effect this Court is being urged to nullify two orders of Judge Will dated June 6, 1969, and September 24, 1970 respectively, on the issue of forum conveniens concerning which Judge Will stated:

> ". . . this Court has previously determined that this entire action properly belongs in Ohio because of the pendency there of a related suit by Lucerne and

Slater Electric, Inc. against Arrow-Hart, Inc., the latter being a counterclaim defendant in the present suit.

Our colleague in Ohio (165 USPQ 382) likewise recognized the propriety of retaining the present suit there as a companion case to the suit by Lucerne and Slater Electric, Inc. The Court there acknowledged that it would be more convenient for the parties and witnesses to have the action tried in Ohio rather than in Illinois . . .

We see no new elements in these proceedings which lead to a conclusion that the original decision to transfer this case to enable the litigation to proceed with all the parties in one forum was incorrect. Therefore, defendant's motion pursuant to 28 U.S.C. 1404(a) to transfer the entire litigation back to the District Court for the Northern District of Ohio Eastern Division, is granted."

We submit that Judge Lambros had every right to rely on the order of Judge Will and that his order of February 29, 1972, was not only proper but was necessary to follow the law of case as previously determined and to maintain the priority jurisdiction of the District Court for the Northern District of Ohio.

CONCLUSION

The record in this case and the case histories set forth, clearly demonstrate bad faith on part of Skil. For some reason best known to petitioner, frantic efforts are being made to prevent the Skil Cleveland case from going to trial. Having tacitly accepted the original transfer to Cleveland by "trading" such consent for leave to file another count

to its complaint, petitioner is now estopped from seeking to have the issues tried in another district in a subsequent suit.

Respectfully submitted,

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APPENDIX

EXCERPT FROM TRANSCRIPT OF PROCEEDINGS BEFORE JUDGE HUBERT L. WILL

No. 68 C 1290

IN THE UNITED STATES DISTRICT COURT
Northern District of Illinois
Eastern Division

SKIL CORPORATION, a Delaware corporation,
Plaintiff,

vs.

LUCERNE PRODUCTS, INC., an
Ohio corporation,
Defendant,

vs.

ARROW-HART, INC.,
Intervenor.

TRANSCRIPT OF PROCEEDINGS

had in the above-entitled cause, before the Honorable HUBERT L. WILL, one of the judges of said court, in his courtroom in the United States Court House, Chicago, Illinois, on June 6, 1969, at the hour of 10:00 a.m.

PRESENT:

Mr. C. J. FLEMING,
on behalf of Plaintiff;
Mr. JAMES G. STAPLES, and MR. EGAN,
on behalf of defendant Lucerne Products, Inc.;

MR. ANTHONY R. CHIARA,
on behalf of Intervenor Arrow-Hart.

* * * * *

[16] The Court: I will grant you leave to file Count IV; if you will tender me an order transferring the rest of this case to Cleveland, Mr. Egan and Mr. Fleming, I will transfer it.

Mr. Egan: I will agree to that.

The Court: It seems to me that is where you belong.

Mr. Fleming: Your Honor, I will withdraw the motion, without prejudice.

The Court: You withdraw it? Where are you going to litigate this question of the Black and [17] Decker switch and the Frenzel license?

Mr. Fleming: We can file a separate suit.

Mr. Egan: Your Honor, if it is filed in this district—

The Court: I think you tried to withdraw it too late. I have already granted leave to file it and order the case transferred to Cleveland. I really think I am doing you a favor. I don't know why you have been reluctant to go down to Cleveland. I don't understand that.

Mr. Fleming: They don't move as expeditiously as you do.

The Court: They don't move as fast as we do? That is not grounds for—

Mr. Egan: I think we can change that, your Honor.

Mr. Fleming: I am trying to collect some money from my clients.

The Court: I understand that. If you told me you didn't want to go to Cleveland because it is more expensive for your client, or you have to retain Cleveland counsel, that I would have understood. That makes a lot of sense, except, I think we get as much business in Cleveland as they get [18] from us, so I don't worry about that in

the long run. But, it seems to me, the more I see about this every time I turn around you have got a new lawsuit.

You file a lawsuit, three counts. I grant summary judgment on two of them, and they have got a counterclaim.

I ship that counterclaim off to Cleveland. They have got another counterclaim. I let them file that, and you come along with another count to the complaint.

As far as I am concerned, I think this ought to be in one place so that this endless development of new controversy can be resolved in one forum.

I think the whole thing ought to—you know, if the Cleveland people want to ship the whole thing here, I will be glad to be the referee in the tag match, but it seems to me that would be the tail wagging the dog pretty much because most of it is down there already.

Mr. Egan: Arrow-Hart has agreed to go to Cleveland and we have always agreed to go to Cleveland.

MEMORANDUM OPINION OF JUDGE HUBERT L. WILL

(Dated September 24, 1970)

68 C 1290

UNITED STATES DISTRICT COURT
Northern District of Illinois
Eastern Division

SKIL CORPORATION,
Plaintiff,

vs.

LUCERNE PRODUCTS, INC.,
Defendant,

and

SLATER ELECTRIC, INC.,
Co-counterclaimant,

vs.

ARROW-HART, INC.,
Intervenor.

MEMORANDUM OPINION

This is an action involving patent royalties and claimed breach of a license agreement by the licensee. The plaintiff licensor in the involved agreements is Skil Corporation (hereafter "Skil") and the defendant-licensee is Lucerne Products, Inc. (hereafter "Lucerne"). The defendant has moved this Court to vacate its prior summary judgment of May 28, 1969, to grant leave to file a second amended answer and counterclaim, and to re-transfer this case to the District Court for the Northern District of Ohio, Eastern Division, for further proceedings.

* * * * *

IV

The next motion requiring resolution is Lucerne's motion to stay further proceedings and to transfer the case back to the District Court for the Northern District of Ohio, Eastern Division. As noted above in Part I of this opinion dealing with the history of this complicated litigation, this Court has previously determined that this entire action properly belongs in Ohio because of the pendency there of a related suit by Lucerne and Slater Electric, Inc. against Arrow-Hart, Inc., the latter being a counterclaim defendant in the present suit.

Our colleague in Ohio likewise recognized the propriety of retaining the present suit there as a companion case to the suit by Lucerne and Slater Electric, Inc. The Court there acknowledged that it would be more convenient for the parties and witnesses to have the action tried in Ohio rather than in Illinois and further noted that his sole motivation for returning the case to Illinois was to avoid second guessing another District Court judge; thus he allowed this Court to rule on the motions relating to the prior summary judgment. The District Court judge acknowledged his willingness to re-accept jurisdiction over the entire litigation after this Court ruled on those motions and even went so far in support of his belief that the litigation properly belonged in Ohio as to grant certain motions of the parties conditioned upon the return of the litigation to that Court.

We see no new elements in these proceedings which lead to a conclusion that the original decision to transfer this case to enable the litigation to proceed with all the parties in one forum was incorrect. Therefore, defendant's motion pursuant to 28 U.S.C. 1404(a) to transfer the entire litigation back to the District Court for the Northern District of Ohio, Eastern Division, is granted.

* * * * *

4. The entire action will be ordered transferred to the District Court for the Northern District Court of Ohio, Eastern Division.

5. Plaintiff's motion to sever the counterclaims and proceed with same separately will be held in abeyance for consideration by the District Court for the Northern District of Ohio, Eastern Division.

/s/ HUBERT L. WILL
United States District Judge

MINUTE ORDER OF JUDGE JULIUS J. HOFFMAN

(Entered November 3, 1971)

UNITED STATES DISTRICT COURT
Northern District of Illinois,
Eastern Division

Name of Presiding Judge, Honorable Julius J. Hoffman

Cause No. 70 C 2858 Date 10-29-71

Title of Cause—Skil Corp. vs. Rockwell Mfg. Co., et al.

"Motion of defendant Lucerne Products, Inc. to dismiss Counts I and II of the Amended Complaint *denied;* to transfer this cause to the United States District Court for the Northern District of Ohio, Eastern Division *allowed;* for an injunction *denied;* and for an award of reasonable attorneys' fees *denied.*"

"See *Schneider v. Sears,* 265 F. Supp. 257 (D.C.N.Y. 1967); 28 U.S.C.A., Section 1404(a); *General Tire and Rubber Co. v. Watkins,* 373 F.2d 361, cert. denied 386 U.S. 960."

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AUG 23 1972
MICHAEL RODAK, JR., CLERK

In the

Supreme Court of the United States

OCTOBER TERM, 1971

SKIL CORPORATION,

Petitioner,

vs.

LUCERNE PRODUCTS, INC.,

Respondent.

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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In The

SUPREME COURT OF THE UNITED STATES

October Term, 1971

No. 72-1282

SKIL CORPORATION,

Petitioner,

vs.

LUCERNE PRODUCTS, INC.,

Respondent.

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Respondent Has Not Addressed Itself to the Questions Set Forth in the Petition

The respondent's brief is evasive as it plainly does not respond to the questions presented in the petition for a writ of certiorari. Moreover, the issues set forth by respondent are not only wide of the mark, they are inaccurate.

Issue (1) implies an identity of parties and issues between the Cleveland and Chicago actions. As detailed in our petition, this is certainly not the case. Further, the February 29 restraining order prevents the petitioner from proceeding in the Chicago action in its entirety and

not just with respect to certain issues as contended by the respondent.

As to respondent's Issue (2), there is absolutely no support in the record for the statement that previous rulings have estopped petitioner from prosecuting the Chicago action against the direct infringers, the manufacturers of the accused drills. This contention is sheer nonsense — even respondent's reference to the transcript of proceedings before Judge Will (RB 13)[1] belies its assertion in this respect.

Regarding Issue (3), nothing in the respondent's brief militates in any way against the showing in our petition that the District Court committed grave errors in enjoining the Chicago action and that the Court of Appeals, in affirming, has sanctioned a departure from the accepted and usual course of judicial proceedings to a degree requiring corrective action by this Court.

Inaccuracies in Respondent's Statement of the Case

We believe it is incumbent upon us to point out at least the more glaring misstatements of the respondent in order to permit this Court to consider the petition against an accurate and fair presentation of the background facts.

As already mentioned, *supra*, Judge Will has entered no order prohibiting petitioner from protecting its Gawron patent by the filing of the suit against the direct infringers, Rockwell and Wen. Further, the transfer rulings of Judges Will and Green referred to by respondent are of no

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[1] References to the respondent's brief in opposition are in the form "(RB 13)".

moment to the issues now presented as such rulings occurred *prior* to cancellation of the Gawron license and institution of the Chicago action.

Nothing in the record supports respondent's statement that the Cleveland action will be tried in the Fall term. On the other hand, the record is abundantly clear that the Chicago action had a trial date setting of March 27, 1972 (AL 12) and would have gone to trial on or about that date, but for the February 29 restraining order.

In an endeavor to avoid the important contributory infringement damage issue this petition has presented in the light of *Aro Mfg. Co.* v. *Convertible Top Replacement Co.*, 377 U.S. 476 (1964), respondent would have this Court believe it occupies the same position as Rockwell and Wen with respect to infringement of the Gawron patent. Petitioner's patent (Pet. 12a)[2] clearly covers the drills manufactured by Rockwell and Wen as claim 4, for example, recites ". . . a hand manipulatable power drill . . ." Respondent supplies the switches for these drills (AL 7, page 2) and consequently occupies the role of a contributory infringer only.

With regard to transfer of the Chicago action, respondent never even moved to transfer that case in its entirety to Cleveland — it alone moved (Rockwell and Wen did not join in the motion) to transfer only as to Counts II and III, the so-called Gawron license counts. The order of transfer (RB 18) was the result of a clerical error by Judge Hoffman as clearly indicated by his comments from

[2] References to the petition for a writ of certiorari are in the form "(Pet. 12a)".

the bench on November 19, 1971.[3] This transfer order was promptly vacated by Judge Hoffman on November 22, 1971.[4]

Respondent Offers No Real Reasons Why the Writ Should Not Issue

The respondent's "reasons" in opposition to the petition are so unpersuasive that they do not warrant a reply on the merits herein. We need only comment briefly on three points in the interest of correcting statements made by respondent.

First, as we have already shown, there is no identity of subject matter or products between the Cleveland and Chicago areas. In the Cleveland action, the only products in issue are the switch devices of the respondent; in the Chicago action wherein the additional parties, Rockwell and Wen, are present, the accused devices are the drills manufactured by these two defendants.

Second, as concerns the chronology involved in the entry of the orders by Judges Lambros and Hoffman, the point is that Judge Lambros telephoned Judge Hoffman and discussed the issue as to whether or not the Chicago case should be stayed.[5] Judge Hoffman was in the better position to determine whether or not the case

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[3] A copy of the transcript of this proceeding is attached as Exhibit B to Skil Corporation's Petition for Rehearing in the Court of Appeals. We also invite this Court's attention to that petition for rehearing.

[4] This order is reproduced in the appendix to this brief at page 1a.

[5] See Exhibits A and E to Motion of Plaintiff-Appellant for Expediting Appeal Pursuant to the Provisions of Rule 2 of the Federal Rules of Appellate Procedure.

before him *i.e.*, the Chicago action, should have gone forward — he ruled orally on February 29 that the Chicago action should be promptly tried (Pet. 6a). Judge Lambros, in the interest of comity, should not have interfered — Judge Hoffman gave full and proper consideration to the respondent's motion to stay the Chicago action.

Third, respondent cannot prop-up the February 29 order by referring to the rulings of Judges Will and Green, all of which rulings were entered prior to cancellation of the Gawron patent license and filing of the Chicago action. Moreover, nowhere in the February 29 order (Pet. 4a) is reference made to any of these prior rulings.

Conclusion

We have set forth in our petition three principal reasons for issuance of a writ of certiorari. The respondent has refused to address itself to the important questions presented by the petition — respondent has remained completely silent as concerns the contributory infringement damage question which is now ripe for disposition. Lacking any real basis on which to oppose issuance of the writ, respondent has engaged only in name-calling and in the making of inaccurate statements. Clearly, the writ should issue for the reasons set forth in our petition and in this reply brief.

Respectfully submitted,

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APPENDIX

UNITED STATES DISTRICT COURT
Northern District of Illinois
Eastern Division

Name of Presiding Judge, Honorable Julius J. Hoffman
Cause No. 70 C 2858 Date November 22, 1971

Skil Corporation v. Rockwell Manufacturing Company and Wen Products, Inc. v. Lucerne Products, Inc.

The motion of plaintiff for entry of an order clarifying minute order of October 29, 1971 re motion of defendant Lucerne Products, Inc. to dismiss, etc. and for vacating such order as concerns transfer is allowed.

The order of October 29, 1971 transferring this cause to the Northern District of Ohio, Eastern Division is vacated. The order of October 29, 1971 denying the motion of the defendant, Lucerne Products, Inc., to dismiss Counts I and II of the amended complaint is vacated. The motion of the defendant, Lucerne Products, Inc., to dismiss Counts II and III of the amended complaint is denied; defendant, Lucerne Products, Inc., is ordered to file its answer to these two counts within twenty days. The motion of defendant, Lucerne Products, Inc., for an injunction is denied. The motion of defendants, Lucerne Products, Inc., for an award of reasonable attorney's fees is denied.